

Message Text

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70

ACTION NEA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

TRSE-00 ACDA-10 SAJ-01 OMB-01 IO-10 SAB-01 SAM-01

AID-05 EB-07 CIEP-02 STR-04 CEA-01 FRB-01 COME-00

AGR-10 /121 W

----- 111173

R 211455Z NOV 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 8091

INFO AMEMBASSY JIDDA

UNCLAS CAIRO 11844

JIDDA PASS TREAS ASST SEC PARSKY

E.O. 11652: N/A

TAGS: USEGJC, EAID, EINV

SUBJECT: INFORMAL JWG MEETING: PARSKY PRESS CONFERENCE

1. QUOTED BELOW IS INFORMAL TRANSLATION OF PRESS REPORT ON ASST SEC PARSKY'S PRESS CONFERENCE OF NOVEMBER 20, AS REPORTED IN CAIRO PRESS REVIEW. STORIES WERE GIVEN SECOND LEAD PROMINENCE IN ALL THREE CAIRO ARABIC LANGUAGE PAPERS.

2. QUOTE

U.S. \$1.3 BILLION IN U.S. AID TO EGYPT

AL AHRAM LEARNED THAT THE US GOVERNMENT ESTIMATES THAT US AID TO EGYPT UP TO THE END OF NEXT YEAR WILL REACH ABOUT US \$1.3 BILLION INCLUDING US \$250 MILLION ALREADY RECEIVED BY EGYPT THIS YEAR FOR THE IMPORT OF AGRICULTURAL CROPS AND COMMODITIES NEEDED BY EGYPTIAN INDUSTRIES PLUS \$750 MILLION APPLIED FOR BY PRESIDENT FORD FROM THE US CONGRESS DURING PRESIDENT ANWAR EL SADAT'S VISIT TO USA, THE REST OF THE AMOUNT MAY BE EXTENDED BY USA FROM SURPLUS
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AGRICULTURAL CROPS. AL AHRAM LEARNED THAT US TREASURY UNDER-

SECRETARY GERALD PARSKY'S VISIT TO CAIRO CAME ABOUT AS A RESULT OF
A TELEPHONE CALL PUT THROUGH BY US PRESIDENT FORD TO US TREASURY
SECRETARY WILLIAM SIMON PROMPTING HIM TO GIVE ECONOMIC
RELATIONS BETWEEN EGYPT AND USA A FORWARD IMPETUS, AND
TO CREATE A CLIMATE GOOD FOR ENTRY OF US INVESTORS INTO EGYPTIAN
ECONOMIC ACTIVITY.

PRIME MINISTER MAMDUH SALEM YESTERDAY RECEIVED MR. PARSKY
WHO REVIEWED WITH HIM CONTACTS UNDERWAY TOWARDS ENCOURAGEMENT
OF US INVESTMENTS IN EGYPT, THE PRIME MINISTER EXPRESSED
HIS READINESS TO MAKE AVAILABLE ALL THAT WHICH WOULD REMOVE
OBSTACLES IN THE WAY OF ARAB AND FOREIGN INVESTMENTS.
BEFORE LEAVING CAIRO YESTERDAY ON HIS WAY TO SAUDI ARABIA AND
IRAN, PARSKY HELD A PRESS CONFERENCE IN WHICH HE ANNOUNCED THAT
PRESIDENT FORD WAS PAYING SPECIAL ATTENTION TO EGYPT.
HE SAID THAT PRESIDENT SADAT'S VISIT TO THE U.S. HAD GREATLY
CONTRIBUTED TO GIVING A CLEAR IDEA OF THE SUITABLE CLIMATE FOR
INVESTMENT IN EGYPT.

HE SAID HE CARRIED WITH HIM FORTY PROJECTS PROPOSED BY US
FIRMS FOR EXECUTION IN EGYPT, THE TOTAL CAPITAL OF WHICH AMOUNTED
TO \$350 MILLION INCLUDING A PROJECT AIMED AT PRODUCING
ALUMINUM, A PROJECT AIMED AT PRODUCING TIRES TO COVER
LOCAL REQUIREMENTS UP TO 1980 LEAVING A SURPLUS FOR EXPORT
AND PROJECT AIMED AT PRODUCING AND MARKETING CHEMICALS.
IN REPLY TO A QUESTION ON UTILITIES AND WHETHER THEY WERE
CAPABLE OF WITHSTANDING ANY EXPANSION OF THE SCALE OF INVESTMENT
PROJECTS, HE SAID THAT IT WAS REQUIRED OF FOREIGN INVESTMENTS
TO EGYPT THAT THEY BE CHANNELLED INTO REPAIR OF UTILITIES,
THE NERVE OF ANY PROGRESS, AS FAR AS USA WAS CONCERNED
IT WOULD TAKE MAJOR STRIDES IN THIS DIRECTION.

PARSKY SAID HE STUDIED WITH EGYPTIAN GOVERNMENT AUTHORITIES
PROBLEMS FACING INVESTORS FROM THE ASPECT OF THE INVESTOR'S
SHARE IN CAPITAL, HOW PROFITS MAY BE TRANSFERRED AND THE VALUE
OF AMOUNTS TRANSFERRED BY INVESTORS ABROAD.
HE SAID THAT HE OFFERED TO INCREASE AID TO THE EGYPTIAN
GOVERNMENT THROUGH FOUR AGREEMENTS:

- AN AGREEMENT AIMED AT ESTABLISHING A STATISTICS SURVEYING
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OFFICE WHICH WOULD SURVEY MARKET REQUIREMENTS, MANPOWER AND
WAGES AS WELL AS STATISTICS RELATED TO INDUSTRIAL, ECONOMIC AND
SOCIAL ACTIVITY.

- AN AGREEMENT AIMED AT LAYING DOWN STATUTES, NEW RULES AND
TAXES JOINTLY WITH US EXPERTS. THE AGREEMENT IS ALSO AIMED
AT BRINGING EXPERTS OVER TO EGYPT FOR TRAINING OF WORKERS
IN THE FIELD AND INVITING A NUMBER OF EGYPTIAN TAXATION

EXECUTIVES TO TRAIN IN USA ESPECIALLY AFTER AN AGREEMENT HAD
BEEN CONCLUDED AIMED AT AVOIDING DOUBLE TAXATION BETWEEN THE
TWO COUNTRIES.

- AN AGREEMENT AIMED AT BRINGING ABOUT US PARTICIPATION
TOWARDS IMPROVEMENT OF ALEXANDRIA HARBOUR CUSTOMS OPERATIONS,
CONSIDERING THE HARBOUR TO BE THE MAJOR HARBOUR IN EGYPT.
EXPERTS IN THIS FIELD HAD ALREADY ARRIVED.

- AN AGREEMENT AIMED AT ASSISTING THE EGYPTIAN GOVERNMENT
IN LAYING DOWN A SOUND ADMINISTRATIVE SYSTEM FOR DEVELOPMENT
PROJECTS.

DURING HIS VISIT TO SAUDI ARABIA AND IRAN, PARSKY SAID HE WOULD
SEEK TO BRING ABOUT THE ESTABLISHMENT OF JOINT VENTURES IN EGYPT
COMPRISING US EXPERTISE, SAUDI SAUDI ARABIAN AND IRANIAN CAPITAL
AND EGYPTIAN MANPOWER.

PARSKY PAID TRIBUTE TO THE IMPROVEMENT OF THE EGYPTIAN BALANCE
OF PAYMENTS, THE DEFICIT IN 1976 OFFSET BY HALF A BILLION DOLLARS.
HE SAID THIS WAS A NEW POINTER INDICATING THAT THE EGYPTIAN
GOVERNMENT WAS PURSUING A SERIOUS ECONOMIC POLICY AND THAT
IT WAS DEALING WITH ITS ECONOMIC AND FINANCIAL PROBLEMS DIRECTLY,
ADDING THAT HE WOULD CONVEY THIS FAVORABLE PICTURE TO THE US
GOVERNMENT.

ON THE FUTURE OF EGYPTIAN-US CONTACTS PARSKY SAID US
TREASURY SECRETARY WILLIAM SIMON WOULD VISIT CAIRO NEXT
FEBRUARY AND THAT THE US EMBASSY IN CAIRO WOULD ASSUME
THE RESPONSIBILITY OF FOLLOWING UP CONTACTS. PARSKY SAID HE
WAS OPTIMISTIC OF EGYPT'S FUTURE AS THERE WAS AN IMPROVEMENT
IN EGYPT'S BALANCE OF PAYMENTS AND A PLAN TO FULLY BALANCE
PAYMENTS ON THE POLITICAL SIDE AUTHORITIES FROM THE PRESIDENT
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OF THE REPUBLIC DOWN TO MINISTERS AND TOP-LEVEL EXECUTIVES HAD
FAITH IN THE POLICY OF ECONOMIC LIBERALISATION.

ON THE ISSUE OF THE BOYCOTT OF A NUMBER OF FIRMS, PARSKY SAID
THAT HE ONLY DISCUSSED ECONOMIC ISSUES AND THAT HE BELIEVED
THAT THE MATTER OF THE BOYCOTT WOULD BE SOLVED UPON FINAL
SETTLEMENT OF THE MIDDLE EAST CRISIS. UNQUOTE

3. EMBASSY IS PREPARING TRANSLATION OF SPECIFIC ARTICLES FOR
TRANSMISSION TO TREASURY BY AIR POUCH.
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